



Puya Gerami
Director, Recovery for All CT

Finance, Revenue, and Bonding Committee
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House Bill 5673: An Act Concerning the Reformation of Certain Taxes and Tax Equity
Senate Bill 351: An Act Concerning the Restructuring of Certain Taxes and Tax Equity
Supports

Good morning, Senator Fonfara, Representative Horn, and the distinguished members of the Finance, Revenue & Bonding Committee. My name is Puya Gerami and I live in New Haven.

I'm the director of Recovery for All—a statewide coalition bringing together more than sixty community, faith, labor, and nonprofit advocacy organizations. We represent hundreds of thousands of residents from all walks of life.

Last month, we unveiled our Equity Agenda in the Hall of Flags. This is a set of policies that would transform struggling communities across Connecticut and take a giant leap toward reducing our state's extreme racial, economic, and gender inequities.

Today you will hear from dozens of members from our affiliated organizations who are testifying in support of one of the essential pillars of our Equity Agenda: tax equity.

Our regressive tax structure reflects and fuels the disparities that make Connecticut one of the most unequal states in the country today. As all of us know, Connecticut's state tax structure is upside down. The tax incidence analysis report that the Department of Revenue Services released last year confirmed that an average wealthy family with an income of \$3.1 million has an effective state and local tax rate of 7.08%, whereas an average working-class family with an income of \$22,500 has an effective state and local tax rate of 25.96%. At a time when working families are struggling while our wealthiest corporations and residents are prospering, this inequity is morally unconscionable.

Our regressive tax structure is one of the main reasons underlying the pattern of chronic disinvestment that has undermined our public programs and services for decades. Right now, hundreds of thousands of residents are experiencing an enormous crisis of human need. Tragically, Connecticut is failing to address this crisis due to years of underfunding—in public education, health care, child care, housing, social services, and more. Making a dramatic investment in the public good is impossible without reform of our state tax structure to guarantee a strong, equitable, sustainable revenue stream for years to come.

That is why we are testifying in strong support of HB 5673 and SB 351. This legislation would take bold steps to repair our broken tax structure. First, this legislation would put money directly into the pockets of struggling working families through measures such as permanently expanding the child tax credit, permanently expanding the Earned Income Tax Credit, doubling the property tax credit and making it refundable; and providing property tax and rental relief for retired residents. Second, this legislation would require our wealthiest corporations and residents to contribute more of what they owe to our communities through measures such as creating a digital ad tax on wealthy tech companies, raising the tax rate on wealthy corporations, establishing new income tax brackets for millionaires; and hiring more in-house auditors at DRS to close Connecticut's tax gap.

We applaud this committee for the work you have done to address Connecticut's deeply regressive tax structure. Two years ago, this committee passed a brave package that would make the tax structure more equitable. We urge you to do the same this year by embracing the measures in House Bill 5673 and Senate Bill 351.

Thank you.